

Stakeholder Comments for the Illinois Commerce Commission's Electric Utility Performance and Tracking Metrics Workshops

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We would like to thank the staff of the Illinois Commerce Commission and RMI for pulling together these workshops on a tight timeline. The workshops enabled stakeholders to submit comments and listen to high level presentations on metrics from around the country and on possible metrics for our two major electric utilities here in Illinois.

It is unfortunate that the timelines from Public Act 102-0662 (the Omnibus) made it impossible to conduct more meaningful discussions. Mr. Orcutt made many of the following comments during the workshops, which we submit here, in no particular order:

The Commission must actively protect customers

- The process created by the Omnibus is complicated and includes goals and metric categories that are in conflict with each other. When the aims of different metrics are at odds, we encourage the Commission to give priority to customer and environmental interests. The utilities, when electing the Omnibus' Multi-year Rate Plans (MYRP), will enjoy higher ROEs, guaranteed profit, and a revenue floor for each of four years at a time. This combination will lead to unprecedented benefits for the companies.

The workshops had inadequate time and information

- We appreciate the introductory discussion of metrics and thank the parties and RMI for presenting ideas. Unfortunately, we did not have adequate time or information to make informed recommendations on metrics. The workshop process did not include any detailed discussions of: what data the utilities have and do not have; what methodologies they use; which existing baselines could be used for what type of future performance or tracking metrics.
 - We are glad the ICC held the workshops and look forward to more productive workshops in the future on related or separate topics. These workshops, however, barely scratched the surface of examining and exploring metrics. We are not sure what learnings can be taken from them as they were only getting started when they ran into their statutory deadline.
 - Informational asymmetry is a fact of life for the ICC and non-utility stakeholders. The utilities have the data necessary for other stakeholders to make informed recommendations about performance and tracking metrics. Since each utility is unique, meaningful metrics cannot be set at a high level using industry standards. The information, descriptions, and narratives necessary for the stakeholders to properly participate were not presented to stakeholders in these meetings. We are not sure if this meets the intent of the workshops as laid out in the Omnibus but this is another consequence of the inadequate timeframe

provided for in the law. Even on a tight timeframe, however, the need for this information should have been anticipated and the information should have been provided. Anticipating and meeting customer transparency needs, even on tight timelines, will only become more important as changes in the industry accelerate, and as incumbent interests resist change and may hamper transitioning on a comfortable timeline.

- In order for the docketed proceeding to be more efficient, effective, and beneficial the utilities should , upfront with their proposed metrics, provide comprehensive data in a method that is understandable and useful, complete with adequate descriptions and narratives.

Some baselines for metrics do exist and should be thoroughly explored

- The compliance data from the utilities annual AMI reports, reliability reports, and other reporting provides a baseline on a useful range of metrics. We hope that the docketed proceeding engages with those historical metrics (buttressed by findings from the grid audit) to develop a clearer picture of historical utility performance and where there are opportunities for greater customer benefits. This context is necessary for designing adequate metrics. This information was almost completely missing from the workshops, except for a high level presentation provided by Ameren Illinois.

The Commission should proactively improve utility data

- The Commission should have a process for when a utility does not have certain data which should be expected of them, especially when considering the smart grid technology deployed over the last decade and future smart grid investments.
 - The Illinois public interest cannot be ignored just because of spending and operational considerations; a utility that has not enabled certain functionality of its equipment or has not procured reasonable current technology that prudently anticipates future interoperability should not mean that the public interest cannot be satisfied, especially while the utility has profit guarantees.
 - Even if no penalty is assessed a pathway should be mandated for delivering the needed data in a reasonable but expedient timeframe. The Commission should ensure our companies are operating a 21st century grid that anticipates a rapidly changing industry. No grid is future proof, but the utilities are in a situation where they will be more than adequately compensated for providing service improvements to customers and we should be ensuring the delivery of benefits, i.e., the “outcomes” anticipated by the law, not allowing legacy decisions to limit customer benefits. The Commission should push those improvements to be better and more efficient and ensure the delivery of more and better data to do so.

Data should be useful and understandable

- The docketed proceeding should not only focus on what metrics will be used and their methodology, but also on how the metrics are presented by the utilities and the ICC.
 - One main focus of the Omnibus through these stakeholder workshops, the extensive planning process, the reporting required by the law, and the increased reporting we anticipate the ICC will require is better informing and involving the public in the regulation of their utilities. The process and resulting reporting should be mindful that, while these are highly technical metrics describing the complex operations of large utilities, they should be presented to provide meaningful information to Illinois customers, residents, and non-expert decision makers.
 - Currently, the utilities and the ICC still use non-searchable pdfs and large confusing files to present endless pages of data. For example, the utilities annual report, Form 21, full of important information, is incredibly challenging to navigate, with, among other challenges to readers, confusing page numbers.
 - Performance and tracking metrics should be submitted and displayed so that they are machine-readable.
 - Reports should have summary data and detailed breakouts which make it easier to see the big picture and dive into further detail.
 - Data should be available in CSV or other excel compatible formats along with pdf, word, or html formats that allows for easy comparisons and analysis.
 - Utilities should provide descriptions of their methodology and its implications in detail and make year-to-year comparisons “apples-to-apples”. If the methodology does change from one year to the next (if allowed by the ICC) the burden of explaining how the change affects the data, and enabling a clear comparison between the years, should fall on the utility.

Metrics should be designed with the utilities’ large, increasing, and guaranteed profits in mind

- The Commission should also be mindful of the impact of performance metrics in context of the increasing and guaranteed profits provided by the MYRPs.
 - To take ComEd as an example, we estimate the company will make more than \$1 billion in authorized profits in 2024 (\$1.14 billion). Using a rate base of \$15.3 billion, as Exelon forecast for investors, a 20 to 60 basis point range for a ROE adder or penalty would equal just a bit less than \$15 to \$50 million. These sums seem significant on their own but pale in comparison to a guaranteed \$1.14 billion in authorized profits with an annual actual cost reconciliation that allows for additional revenue which could be four to six times the \$50 million figure. The Commission should be cautious when considering further additions to customers’ bills.
 - Furthermore, in the context of over \$1 billion in guaranteed profits, adding, for example, \$30 million may not have the same impact on incenting the company as subtracting the same amount. Thus, at the very least, performance metrics

should truly be difficult for the companies to meet and should represent significant benefits for customers.

- Effectively incentivizing the companies may require, while keeping the metrics' total effect symmetrical, to have the "status quo" (i.e., nothing added or subtracted from the company's ROE) be the first "reach goal" and anything beyond that to truly be an heroic and unexpected outcome for the companies.

Metrics we didn't hear mentioned by other parties which should be included:

Both the utilities and the Commission have to embrace 21st century data

- Design and implement a blended performance and/or tracking metric or metrics to capture the performance of the IT aspects of the companies' smart meters, smart grid, and behind the meter customer experience related to the two.
 - As mentioned during the workshops, the companies have spent billions of dollars on AMI, backend systems, and other operational matters concerning smart meters and the smart grid. A strong part of the push to implement this technology was centered on the functionality customers could experience. While we will learn more about the cost and the benefits of these capital programs from the grid audit, and we do not doubt that they should be cost effective because of their ability to make entire departments of employees unneeded, some of the promised benefits have completely failed to materialize.
 - Just because an investment has passed a one-time Cost Benefit Analysis does not mean that the investment has provided the level of benefits that should reasonably be expected. The companies could have left significant "value on the table" for customers because promised functionality (or reasonably expected functionality or use cases) has not been properly delivered. For example, EIMA ensured the enabling of functionality, but did not ensure those functions were used and useful (generally, as in by customers) .
 - While we appreciate that these metrics should focus more on outcomes than spending, we are worried that the companies and the ICC are not equipped to deal with the changing use cases and business models of the grid of the future.
 - We understand that the rapid changes in the industry have introduced an army of new operations and metrics, such as NEM, DR, DA, and many many more, but customer and third-party-facing IT performance should not be neglected.
 - The failure to properly measure the IT performance and use of smart grid features like the Green Button Connect is an illustrative example of how the utilities need to change how they incorporate new IT functionality. This is something almost all of the corporations providing services to customers in the 21st century must navigate and utilities have captive customers and guaranteed profits so it should be required of them.
 - While we are not IT experts, metrics to capture performance of things like API uptime as well as ease of use of web products and ease of customer data sharing are now a fact of life for the utilities and the Commission should monitor

and push them to improve through new tracking metrics and future performance metrics going forward.

Customer benefits through the Exelon-ComEd relationship should be empirical and ensured

- Lastly, though not mentioned during the workshops, the relationship between Exelon and ComEd should be more closely investigated and at the very least new tracking metrics should be implemented.
 - Exelon is a massive holding company no longer under the federal rules it once was. When those federal rules were lifted, states were expected to pick up the slack. The parent company has utilities in multiple states and has the (often short-term) incentives of a large corporation that ComEd does not need to be bound by. The company owns essentially 100% of the utility and has total control.
 - The Commission should try to measure whether actions taken by the parent company and costs paid by ComEd to the service company are in the best interests of Illinois public interest and not just the lowest common denominator for a family of regulated utilities.
 - As another example, it is often assumed that Exelon's ownership of ComEd provides "economies of scale" for ComEd customers that should produce customer savings. To our knowledge this has been taken for granted and never measured. The Commission should examine this assumption.